



June 30, 2000

00-RF-01888

Barbara Mazurowski
Manager
DOE, RFFO

TRANSMITTAL OF KAISER-HILL COMPANY, L.L.C. (KAISER-HILL) CLOSURE PROJECT
BASELINE - RGC-080-00

Dear Barbara:

This letter transmits the updated Closure Project Baseline (CPB) that incorporates the statement of work and agreed changes to the previous CPB Rev. 3a through June 30, 2000, to meet the terms and conditions of Sec. H.1.04 (e) of the Rocky Flats Closure Project Contract No. DE-AC34-00RF01904. It does not include DOE change directives that have yet to be negotiated, nor does it include anticipated, but not yet received new directives.

The baseline has been developed in accordance with the contract and is based upon a work breakdown structure that reflects the contract statement of work. The schedule has a completion date of Dec. 15, 2006, with a target cost of \$3.963 billion. The CPB consists of nine project baseline descriptions and over 11,000 discrete work activities and cost estimates.

The CPB is a substantial improvement over previous baselines in that it:

- Presents a schedule logic and cost estimate based on a specific and defined contractual scope that includes the removal of all waste and materials; demolition of all buildings; and air, water, and soil remediation.
- Provides increased emphasis on projectization and use of proven project management techniques to ensure accountability and efficient use of resources.
- Requires early closure of the Protected Area to increase efficiency of operations and reduce landlord costs.
- Places strong emphasis on effective waste management, particularly the integration of waste generation and waste disposal activities.
- Emphasizes streamlined and competitive subcontracting resulting in more cost-effective work execution.
- Incorporates an earned-value system based upon completion of well-defined, discrete elements of work.
- Includes a programmatic risk assessment to manage the risks associated with achieving the closure contract completion criteria.

The CPB implements the contract between Kaiser-Hill and DOE and is contractually independent of agreements between DOE and other agencies (e.g., RFCA). We recognize that the contract contains change provisions to allow DOE to direct Kaiser-Hill to work to a revised

set of completion criteria. The basis of estimate in some cases assumes that DOE or receiver-site requirements that do not support safety will be relaxed. We want to reiterate that we will fully comply with all external requirements unless they are formally modified.

The CPB is also separate from Government-Furnished Services/Items (GFS/I). GFS/I Delivery Requests will be provided quarterly per contract requirements. Supporting documentation for GFS/I need dates will be provided as requested based upon current or forecasted schedule performance.

Requests for Equitable Adjustments (REAs) are also separate from the CPB. REAs will stand on their own merits based on current schedule performance with scope changes documented by comparison to the closure contract.

This CPB is different from our previous baselines in that it is used to portray and track the closure contract statement of work, progress toward the target schedule date and target cost, and is the basis for provisional fee-earning validation reports; but will not be used as the primary Kaiser-Hill management project execution and monitoring tool. A Kaiser-Hill working plan, which reflects our planned initiatives and performance improvements to further accelerate the project to achieve optimal cost and schedule performance for the scope of work, has been developed for K-H management. In conformance with the project objectives, the working plan anticipates efficiencies (many yet to be identified or realized) that will result in a much lower cost. Our current performance without those efficiencies would result in a cost and schedule exceeding the contract targets. We are, however, confident that we can meet these targets.

Kaiser-Hill remains fully committed to successful execution of this CPB. The potential rewards to our workers, the environment, and the American taxpayers are great. In managing and performing this critical work, Kaiser-Hill remains committed, above all else, to safety, safeguards and security, and the protection of the environment.

An original and four copies of each of the following are enclosed. Collectively they comprise the CPB and its primary supporting documents.

Enclosure 1	RFCP Project Management Plan. This enclosure also contains the Work Breakdown Structure, Summary Level Schedules, and Earned Value Activity Lists.
Enclosure 2	Project Baseline Descriptions. This enclosure contains the description of life-cycle scope, cost information by cost account, and summary project schedules for each of the CPB projects.
Enclosure 3	A complete CPB schedule.
Enclosure 4	CPB Cost Summary Report. This report includes the cost estimate and basis of estimate. One complete paper copy of the basis of estimate (supporting documentation) is provided.

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Also included are five copies of three additional enclosures that, while not part of the baseline per se, provide important information about the plan.

Enclosure 5	Programmatic Risk Management Plan, Revision 1.
Enclosure 6	Programmatic Risk Assessment of the CPB.
Enclosure 7	Disposition of issues raised in the Sept. 22, 1999, Ernst & Young Baseline Confidence Review.

Four copies of the CPB on compact disk are also enclosed. All of the enclosures accompanying this letter, except the Programmatic Risk Assessment, are included on the CD. Please be advised that the Programmatic Risk Assessment, detailed schedule, and basis of estimate are considered "Official Use Only" documents and must be treated appropriately.

Sincerely,



Robert G. Card
President and Chief Executive Officer
Kaiser-Hill Company, L.L.C.

PJO:mh

Enclosures:
As Stated (7 + 4 copies of disk)

Orig. & 1 cc – B. Mazurowski